

C→U
3/20/13

CITY PROPOSAL #7 and 8 – SICK LEAVE PAYOUT

City Proposed Language:

31.1 Sick Leave Payout

Any employee hired on or after June 23, 2013, shall not be eligible for sick leave payout.

For employees hired on or before June 22, 2013, sick leave payout shall be given to full-time benefited employees who are members of the Federated City Retirement System and the Police and Fire Retirement Plan at the time of retirement or death under one of the following conditions:

31.2.1 Police and Fire Retirement Plan

The employee is a member of the Police and Fire Retirement System and retired under the provisions cited in the plan and credited with at least twenty (20) years of service in this retirement plan or credited with any service prior to a service-connected disability retirement.

31.2.2 Federated City Retirement System

The employee is a member of the Federated City Retirement System and retired under the provisions cited in the plan and credited with at least fifteen (15) years of service in this retirement plan or credited with at least ten (10) years of service prior to a service-connected disability retirement.

31.2.3 Terminated Employee with Vesting Rights

The employee has terminated service with the City in good standing, retained vesting rights in a retirement system according to the provisions of the San Jose Municipal Code and following such termination qualifies for retirement and retires under the provisions cited in the code and has at the time of retirement credit for at least;

- 20 years of service in the Police and Fire Retirement System
- 15 years of service in the Federated City Retirement System

31.2.4 Death During Service

The estate of any full-time employee who dies while in City service and prior to retirement, even though the employee is not credited with at least;

- 20 years of service in the Police and Fire Retirement System
- 15 years of service in the Federated City Retirement System

31.2.5 Effective June 23, 2013, for purposes of sick leave payout, an employee's sick leave balance and hourly rate shall be frozen. This means that an employee will receive no more in sick leave payout after having met the requirements contained herein than they would have been entitled to on June 23, 2013. Any sick leave usage after June 23, 2013, will come from the sick leave balance available for payout purposes. An employee will continue to accrue sick leave after June 23, 2013, but it may not be used for sick leave payout purposes.

For example, if an employee's hourly rate is \$40 and their sick leave balance is 1000 hours on June 23, 2013, if they meet eligibility requirements, they shall receive payout of their sick leave balance at the time of retirement using the formula below, but no more than 1000 hours and at an hourly rate of no more than \$40. This will occur even if the employee has subsequently earned more than 1000 hours in sick leave or received a pay increase so that their hourly rate is higher than \$40. In this example, if the employee uses sick leave and reduces their sick leave balance on June 23, 2013, to 800 hours, they will only be entitled to a sick leave payout of 800 hours, regardless of any sick leave accrued after June 23, 2013.

Payout shall be determined as follows:

31.2.5.1 If a full-time employee at the time of his/her retirement or death has earned, unused sick leave hours, he/she shall be paid the equivalent of a specified percent of his/her hourly rate of pay at the time of retirement, termination or death, whichever comes first, multiplied by the total number of his/her accumulated and unused hours of sick leave as of the date of his/her retirement or death.

Less than 400 hours: Hours accumulated x 50%
of final hourly rate

or, 400 – 799 hours: Hours accumulated x 60%
of final hourly rate

or, 800 – 1200 hours: Hours accumulated x 75%
of final hourly rate.

31.2.5.2 If a full-time employee at the time of his/her service retirement has between 800 and 1,200 hours of unused sick leave, at the employee's request he/she shall be paid hours accumulated X 80% of final hourly rate.

31.2.5.3 If a full-time employee at the time of his/her service retirement or upon the employee's death has 1,200 hours or greater of earned unused sick leave, he/she, or his/her estate, shall be paid a sum of money equal to 100% percent of his/her hourly rate at the time of his/her death or service retirement, whichever is earlier, multiplied by the total number of his/her accumulated and unused hours of sick leave as of the date of his/her death or retirement. If, after retirement, the employee switches from service to disability retirement, the employee shall repay to the City the difference in sick leave payout between service and disability retirement (e.g. 100% service, 75% disability).

31.2.5.3.1 An employee who, at the time of his/her retirement, qualifies for benefits in the 800 to 1,200 hour category as provided in subsections 31.2.4.1 and 31.2.4.2 above, shall be credited, for insurance purposes only, with a value equal to twenty-five (25%) percent of his/her hourly rate of pay for those individuals in the seventy-five (75%) percent payment category or a value equal to twenty (20%) percent of his/her hourly rate of pay for those individuals in the eighty (80%) percent payment category at the time of his/her retirement or termination, whichever is earlier, multiplied by the total number of his/her accumulated and unused hours of sick leave as of the date of his/her retirement, or by 1,200 hours, whichever is less. The City shall pay the cost of health and/or dental insurance premium, for the type of coverage specified by the employee, for the employee or for the employee and his/her dependents under one of the health and/or dental insurance plans available at the time to regular full-time City employees, until such time as the total amount of such payments equals the total amount credited to such employee hereunder, or until the death of such employee, whichever is earlier.

31.2.6 Payment for Accrued Sick Time

Pursuant to 31.2.5, Upon retirement (Service or Service Connected Disability) an officer shall receive a lump sum cash payment for the total amount of accrued sick time hours.

31.2.7 Death of Terminated Employee

The estate of any full-time employee who had terminated service with the City in good standing but had retained vesting rights in a retirement system according to the provisions in the San Jose Municipal Code and dies (on or after July 10, 1977) prior to becoming eligible for retirement allowances as cited under provisions of the San Jose Municipal Code and has at the time of death credit for at least;

- 20 years of service in the Police and Fire Retirement System
- 15 years of service in the Federated City Retirement System

For purposes of determining the total number of accumulated and unused hours of sick leave of a full-time employee at the time of his/her retirement or death, unused sick leave from prior periods of employment with the City shall be used. Such previously accumulated sick leave shall be credited to the employee for use during an employee's current employment period.